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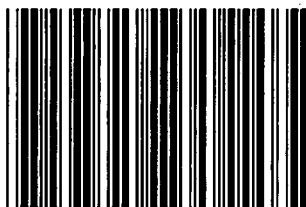
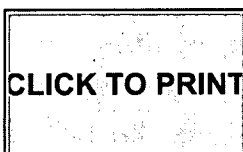
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(2) Subject* **AFL-CIO Building and Construction Trades Department**

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BAUCUS

REMARKS BY SENATOR MAX BAUCUS
AFL-CIO BUILDING AND CONSTRUCTION TRADES DEPARTMENT
TUESDAY, APRIL 3, 1984

INTRODUCTION

THANKS, BOB.

IT'S AN HONOR TO ADDRESS THE CONVENTION TODAY.

AND IT'S A SPECIAL HONOR TO SHARE THE PROGRAM WITH CHAIRMAN
ROSTENKOWSKI AND VICE PRESIDENT MONDALE.

I UNDERSTAND FRITZ IS ALL CHARGED UP ABOUT BEING HERE.

ON THE WAY OVER, HE HEARD HE'LL BE APPEARING WITH A YOUNG
DEMOCRATIC SENATOR FROM THE WEST--WHO HAS NEW IDEAS.

SO FRITZ MAY BE READY FOR ANOTHER ROUND OF THOSE
PRESIDENTIAL DEBATES THIS MORNING.

BUT I ASSURE YOU. IF FRITZ ASKS ME "WHERE'S THE BEEF?" I'LL
SIMPLY REPLY:

"MONTANA!"

BUT I HAVE A COUPLE OF BEEFS ON MY OWN I WANT TO TALK ABOUT
THIS MORNING:

- O A BEEF WITH REAGAN'S STAGGERING BUDGET DEFICITS
- O A BEEF WITH OUR UNFAIR TAX CODE
- O A BEEF WITH LAWS THAT PROTECT LUXURY CAR OWNERS
BUT DON'T GIVE WORKING MEN AND WOMEN A FAIR SHAKE

THE DEFICIT DANGER

THE STATISTICS ARE FRIGHTENING.

WHEN THE FEDERAL GOVERNMENT CLOSED ITS BOOKS FOR 1983, IT
WAS OVERDRAWN. BY 207 BILLION DOLLARS.

AND THAT DEBT KEEPS PILING UP.

AT THE RATE WE'RE GOING, WE'LL ACCUMULATE A DEBT OF \$3
TRILLION BY 1990.

TO PAY THIS DEBT OFF ALL AT ONCE, EVERY AMERICAN WOULD HAVE
TO CONTRIBUTE \$13,000.

THOSE DEFICITS TAKE MONEY OUT OF THE POCKET OF EACH WORKING

MAN AND WOMAN.

- O THEY DRIVE UP INTEREST RATES.
- O THEY INFLATE THE VALUE OF THE DOLLAR.
- O THEY MAKE U. S. EXPORTS MORE EXPENSIVE.
- O THEY MAKE FOREIGN IMPORTS CHEAPER.
- O THEY COST ABOUT 2 MILLION AMERICAN JOBS!

OVER THE NEXT FEW YEARS, THE FEDERAL GOVERNMENT WILL BORROW MORE THAN HALF OF ALL DOMESTIC INVESTMENT CAPITAL.

THERE WON'T BE MUCH LEFT FOR PEOPLE WHO WANT TO BUILD A HOUSE, A FACTORY, OR A SHOPPING CENTER.

IT WILL SEND INTEREST RATES THROUGH THE ROOF.

AND IT WILL END THE CHANCE FOR A SUSTAINED RECOVERY--IN THE HOUSING AND CONSTRUCTION INDUSTRIES IN PARTICULAR.

DEFICIT REDUCTION

CLEARLY, WE CAN'T KEEP BORROWING THIS WAY.

WE'VE GOT TO REDUCE THE DEFICIT.

THE CONVENTIONAL WISDOM SAYS THAT, IN AN ELECTION YEAR,
CONGRESS WON'T ACT.

BUT THE DEFICIT IS INCREASING BY \$22 MILLION AN HOUR.

WE CAN'T AFFORD NOT TO ACT.

THAT'S WHY I'VE BEEN PUSHING HARD FOR CONGRESS TO
ADDRESS DEFICITS NOW.

NOT A YEAR FROM NOW.

AS A MEMBER OF THE SENATE FINANCE COMMITTEE, I'VE BEEN
WORKING HARD ON A BILL THAT WOULD REDUCE THE DEFICIT BY \$73
BILLION OVER THREE YEARS, MAINLY BY CLOSING TAX LOOPHOLES AND
TIGHTENING UP SPENDING PROGRAMS.

THE BILL'S NOT PERFECT. BUT IT IS A STEP IN THE RIGHT
DIRECTION.

IN THE HOUSE, CHAIRMAN ROSTENKOWSKI HAS DRAFTED A
SIMILAR BILL.

I COMMEND HIM FOR HIS LEADERSHIP AND PERSERVERANCE.

THE BUDGET FREEZE

BUT IN MY VIEW WE CAN'T STOP THERE.

THAT'S WHY I'VE JOINED IN A BIPARTISAN CALL FOR A
ONE-YEAR SPENDING FREEZE.

IT'S ABOUT TIME WE ASKED THE PENTAGON TO MAKE THE SAME
SACRIFICES WE'RE ASKING OF WORKING MEN AND WOMEN.

IT'S ABOUT TIME WE ASKED OUR RICH CORPORATIONS TO MAKE
THE SAME SACRIFICES WE'RE ASKING OF OUR ELDERLY.

IN THE LAST THREE YEARS:

- O DEFENSE SPENDING HAS DOUBLED.
- O DISCRETIONARY PROGRAMS HAVE BORNE THE BRUNT OF CUTS.
- O AND THE DEFICITS CONTINUE TO SKYROCKET.

THAT'S MADNESS.

AND WE'VE GOT TO PUT A STOP TO IT.

THAT'S WHAT A FREEZE WILL DO.

IT WILL STOP THE MADNESS.

IT WILL GIVE US SOME BREATHING ROOM.

AND QUITE FRANKLY IT WILL GIVE OUR NEXT PRESIDENT, A DEMOCRATIC PRESIDENT, THE CHANCE TO BRING SOME SANITY TO THE FEDERAL BUDGET.

I KNOW THE FREEZE IS STRONG MEDICINE. I KNOW IT'S CONTROVERSIAL.

BUT OVER THE NEXT FEW WEEKS, I THINK PEOPLE WILL REALIZE THAT STRONG MEDICINE IS NECESSARY. AND I THINK THAT THE FREEZE WILL ATTRACT A LOT OF SUPPORT.

TAX REFORM

ANOTHER IDEA THAT'S ATTRACTING A LOT OF SUPPORT IS TAX REFORM.

PEOPLE ARE SICK AND TIRED OF A TAX CODE THAT MAKES THE RICH

RICHER, WHILE IT PENALIZES EVERYBODY ELSE.

LET ME GIVE YOU TWO EXAMPLES, BOTH INVOLVING CARS.

FIRST, LET'S LOOK AT HOW THE RICH GET RICHER.

AS IT NOW STANDS, A PERSON CAN DEDUCT THE COST OF HIS BUSINESS CAR. THIS WAS INCORPORATED INTO THE TAX CODE TO COVER BASIC TRANSPORTATION NEEDS.

BUT, THE PROVISION HAS BEEN ABUSED TO COVER A LOT MORE THAN BASIC TRANSPORTATION NEEDS.

A RICH LAWYER CAN BUY A POSH \$43,000 MERCEDES FOR TRIPS TO MEETINGS AND THE COURTHOUSE. WITH A 6 PERCENT INVESTMENT TAX CREDIT UP-FRONT -- AND ACCELERATED DEPRECIATION WRITE-OFFS FOR THREE YEARS, HE'LL RECEIVE TAX SUBSIDIES WORTH TENS OF THOUSANDS OF DOLLARS.

A CALIFORNIA IMPORTED CAR DEALER RECENTLY SENT TAX ACCOUNTANTS A TELEGRAM REMINDING THEM THAT THEIR CLIENTS COULD OBTAIN A \$65,000 TAX SUBSIDY FOR A NEW ROLLS ROYCE.

FOR THE LIFE OF ME, I CAN'T UNDERSTAND WHY AMERICAN TAXPAYERS SHOULD BY UNDERWRITING THE COST OF SOME LAWYER'S ROLLS

ROYCE.

So, a few weeks ago, I offered a simple amendment to the Finance Committee's deficit reduction bill.

It would have capped the tax subsidy at \$15,000 per car.

It would have limited the subsidy for luxury cars, and saved \$500 million over three years.

At first, the amendment passed.

But a few days later, the foreign luxury car lobbyists had twisted enough arms to reverse the vote.

So my amendment failed.

The rich lawyer's rolls is safe--at least for now.

CONSTRUCTION WORK

But what about everybody else?

What if you're not a rich lawyer, but a construction worker?

IN THAT CASE, WATCH OUT.

IF YOU WAKE UP AT 5 AM TO DRIVE YOUR CAMARO 75 MILES TO A REMOTE JOB SITE, THE IRS MAY SAY YOU'RE JUST "COMMUTING."

IF THEY DO, YOU CAN'T EVEN DEDUCT 20 CENTS A MILE!

OVER THE YEARS, COURTS HAVE SAID THAT THE COST OF COMMUTING TO A REGULAR JOB IS NOT A BUSINESS EXPENSE UNDER THE TAX CODE.

INSTEAD, THE COURTS SAY IT'S A PERSONAL EXPENSE, BECAUSE IT DEPENDS ON YOUR DECISION ABOUT WHERE TO LIVE, AND YOU'RE FREE TO LIVE NEAR YOUR WORK PLACE IF YOU WANT TO.

BUT IN SOME CIRCUMSTANCES, A WORKER CAN'T REASONABLY BE EXPECTED TO MOVE NEAR HIS WORKPLACE.

FOR EXAMPLE: CONSTRUCTION WORK.

IT'S INHERENTLY TEMPORARY.

THE WORK AT ANY GIVEN JOB SITE IS LIMITED TO THE TIME IT TAKES TO FINISH THE PROJECT.

THE WORK IS OFTEN SEASONAL, AND THERE'S NO GUARANTEE THAT THE PEOPLE EMPLOYED BEFORE A SEASONAL LAYOFF WILL BE THE SAME ONES EMPLOYED AFTER IT.

AND THE WORK IS OFTEN INTERRUPTED BY POLITICAL OR FINANCIAL EVENTS.

IN LIGHT OF ALL THIS, CONSTRUCTION WORKERS CAN'T SELL THEIR HOMES, PACK UP THEIR FAMILIES AND MOVE TO EVERY NEW JOBSITE.

INSTEAD, THEY TRY TO KEEP THEIR HOMES AND FAMILIES INTACT.

I KNOW MANY CONSTRUCTION WORKERS WHO RISE BEFORE DAWN TO DRIVE 50 MILES OR MORE TO A DISTANT JOBSITE, RETURNING HOME LATE AT NIGHT.

OR WHO TAKE ROOMS NEAR THE JOBSITE DURING THE WEEK, RETURNING HOME ONLY ON WEEKENDS.

IN EITHER CASE, THEY INCUR HEAVY EXPENSES.

BY ANY REASONABLE STANDARD, THESE EXPENSES ARE BUSINESS EXPENSES.

CONSTRUCTION WORKERS ARE NOT EXECUTIVES COMMUTING FROM QUIET SUBURBS TO SECURE JOBS DOWNTOWN.

THEY'RE SKILLED WORKERS INCURRING HEAVY EXPENSES TO EARN A LIVING AND SUPPORT THEIR FAMILIES.

BUT THE IRS DISAGREES.

FOR YEARS, THE IRS HAS DENIED TRAVEL EXPENSE DEDUCTIONS TO THE MANY CONSTRUCTION WORKERS WHO HAVE TO INCUR THOSE EXPENSES, BECAUSE MOVING NEAR THE JOB SITE IS NOT A REASONABLE OPTION.

GIVE THIS UNFAIR SITUATION, WE MUST AMEND SECTION 162 OF THE TAX CODE TO ESTABLISH CLEAR RULES THAT TREAT CONSTRUCTION WORKERS FAIRLY.

THAT'S WHY SENATOR BOB PACKWOOD AND I INTRODUCED S. 1352.

THIS BILL WOULD MAKE IT EASIER FOR A CONSTRUCTION WORKER TO DEDUCT THE COST OF TRAVELLING TO A JOB SITE LOCATED FAR FROM HIS HOME.

SPECIFICALLY, THE BILL WOULD PERMIT A CONSTRUCTION WORKER TO

AUTOMATICALLY DEDUCT TRAVEL EXPENSES FOR THE FIRST TWO YEARS HE WORKS AT A JOB SITE MORE THAN 30 MILES FROM HIS PERMANENT HOME.

AFTER THAT, HE COULD CONTINUE TO DEDUCT TRAVEL EXPENSES. BUT ONLY IF, GIVEN HIS SPECIFIC CIRCUMSTANCES, THE JOB IS TEMPORARY RATHER THAN PERMANENT. WHEN DECIDING THIS, THE IRS COULD NOT USE ITS CURRENT ONE YEAR RULE.

THESE CHANGES ARE SIMPLE. THEY DON'T FUNDAMENTALLY ALTER THE EXISTING RULES. THEY JUST MODIFY THEM TO REFLECT THE SPECIAL NATURE OF CONSTRUCTION WORK. THAT WAY, THEY MAKE THE RULES CLEAR AND FAIR.

AS A RESULT, MOST CONSTRUCTION WORKERS PROBABLY WOULD BE ABLE TO DEDUCT THEIR TRAVEL EXPENSES.

CALL FOR ACTION

WE INTRODUCED S. 1352 LAST YEAR, SHORTLY AFTER CONGRESSMAN PETE STARK INTRODUCED AN IDENTICAL BILL IN THE HOUSE.

SINCE THIS BILL WOULD FLATLY REVERSE A STRONGLY HELD IRS POSITION, IT WON'T BE AN EASY BILL TO PASS.

THAT MEANS WE HAVE A LOT OF WORK TO DO.

FIRST OF ALL, WE NEED SUPPORT. THAT'S WHERE YOU COME IN.
TELL YOUR CONGRESSMEN TO SUPPORT H. R. 700. AND TELL YOUR
SENATORS TO SUPPORT S. 1352.

SECOND, WE NEED SENATE HEARINGS. I'VE ASKED THE SENATE
FINANCE COMMITTEE TO HOLD HEARINGS ON S. 1352 THIS YEAR. AT
THESE HEARINGS, WE CAN DEMONSTRATE THAT THIS BILL IS A TAX REFORM
BILL, THAT MUST BE PART OF ANY TAX REFORM PACKAGE.

CONCLUSION

THE "LUXURY CAR" BILL AND THE "CONSTRUCTION TRAVEL" BILL
THAT I HAVE DISCUSSED WITH YOU TODAY ARE LAWS THAT OUGHT TO BE
PASSED.

AND QUICKLY.

PASSED BECAUSE THEY DIRECTLY ATTACK SOME OF THE UNFAIREST
PROVISIONS OF OUR TAX CODE.

WE SIMPLY MUST CONTINUE OUR ATTACK ON THAT UNFAIRNESS.

UNFAIRNESS THAT SUBSIDIZES MERCEDES BENZ AND ROLLS ROYCE.

UNFAIRNESS THAT PENALIZES THE WORKER TRYING TO GET TO A

CONSTRUCTION SITE.

UNFAIRNESS THAT UNDERMINES OUR FAITH IN THE TAX CODE AND IN
OUR GOVERNMENT.

THAT'S MY BEEF.

I KNOW IT'S YOUR BEEF TOO.

LET'S TAKE UP THE CHALLENGE.

IF WE WORK TOGETHER, WE CAN LOWER THE DEFICITS AND WRITE
FAIRER TAX LAWS.

THANK YOU.